

MOTOR VEHICLE PARKING SYSTEM FUND

Description: The Motor Vehicle Parking System Fund is the third enterprise fund operated by the Village and accounts for the revenues and expenses related to the operation, maintenance, and enforcement of downtown and commuter parking facilities.

Fund Structure

The Motor Vehicle Parking System Fund is an enterprise fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Water and Sewer Fund utilizes Net Assets as the indicator of accumulated Fund equity; Net Assets are equal to total assets (including all capital assets) less total liabilities. Net Assets reflect the total productive investment in the parking system by the Village.

A balanced budget in the Motor Vehicle Parking System Fund is determined by the positive or negative change in Net Assets. The budgeted Change in Net Assets is indicative of the Fund's ability to generate sufficient resources to meet operating and non-operating expenses. If the Change in Net Assets is equal to or greater than \$0, the Fund's budget is considered to be balanced.

Analysis of Revenues and Expenses

The 2005 Budget includes \$750,050 in estimated revenues for the Motor Vehicle Parking System Fund, a decrease of \$21,500 (2.79%) from the 2004 revenue estimate of \$771,550 but an increase of \$112,000 (17.55%) from projected 2004 actual revenues of \$638,050. The 2006 Budget remains stable at \$750,050 in total revenues for the Fund (*please see the Revenue Descriptions, Historical Trends, and Projections section on Pages 71-89 for a more detailed analysis of various revenue sources*).

- Revenues from Licenses and Permits are estimated to increase \$25,000 (14.29%) in 2005, from \$175,000 in 2004 (*projected actual*) to \$200,000 in 2005. License and Permit revenue is expected to remain stable in 2006 at \$200,000. The increase in 2005 is expected to occur as all spaces at the Commuter Parking Lots will be open for the full year. In addition, any commuters who may have avoided Barrington during the construction of the Train Station should return. In addition, the Village opened up a number of new parking spaces in the south lot and increased fares for the BACOG Commuter Lot.
- Charges for Services revenue is estimated to increase \$25,000 (8.77%) in 2005, from \$285,000 in 2004 (*projected actual*) to \$310,000 in 2005. Revenues are expected to remain stable in 2006 at \$310,000. Once again, the increase in 2005 is expected to occur as all spaces at the Commuter Parking Lots will be open for the full year and any commuters who may have avoided Barrington during the construction of the Train Station return.
- Fines and Forfeitures revenue is estimated to increase \$25,000 (21.74%) in 2005, from \$115,000 in 2004 (*projected actual*) to \$140,000 in 2005. Revenues are expected to remain stable in 2006 at \$140,000. The increase in revenues in 2005 is anticipated due to the newly installed electronic parking fare system and its benefits in terms of parking enforcement
- Village Property Usage revenue is estimated to increase \$32,500, from \$7,500 in 2004 (*projected actual*) to \$40,000 in 2005. In 2006, this revenue is expected to remain stable at \$40,000. This increase in 2005 is the result of the first annual payment by the Cook Street Plaza developers to cover the cost of leasing additional spaces in the Village Center. This is a new revenue source.
- Investment Income is expected to increase \$5,000 (9.09%) in 2005, from \$55,000 in 2004 (*projected actual*) to \$60,000 in 2005. In 2006, this revenue source is expected to remain stable at \$60,000. The increase in 2005 is expected to occur because interest rates are projected to continue increasing, thereby producing additional investment income from purchases of Federal Agency Bonds and Certificates of

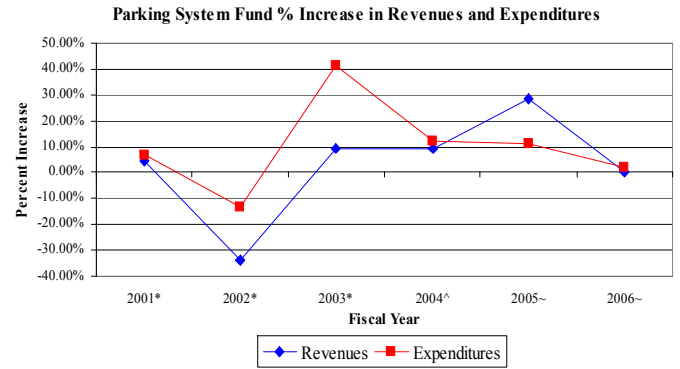
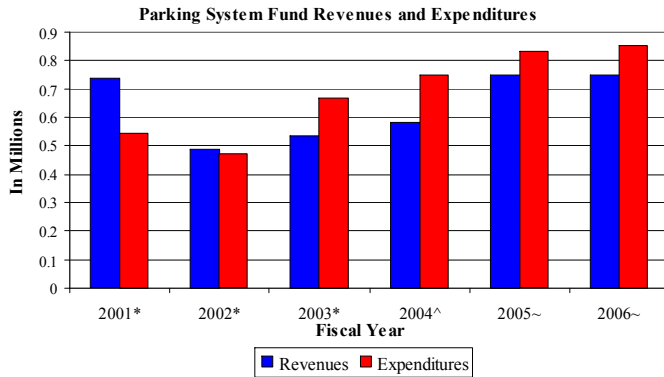
Deposit. The increase in interest rates will also have a positive effect on the Village's return from its money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

- Miscellaneous non-operating revenues are expected to remain stable at \$50 in both 2005 and 2006.

The 2005 Budget includes \$832,664 in budgeted expenses for the Motor Vehicle Parking System Fund, a decrease of \$132,673 (13.74%) from the 2004 Budget of \$965,337 and a decrease of \$16,661 (1.96%) from the projected 2004 actual of \$849,325. The 2006 Budget includes \$851,014 in total expenses for the Fund, an increase of \$18,350 (2.20%) from 2005 budgeted expenses (*please see the respective Department Budget Summaries for a detailed analysis of Departmental expenditures*).

- The 2005 Administrative Services budget will increase \$11,391 (4.09%), from an amended budget of \$278,179 in 2004 to a proposed expenditure budget of \$289,570 in 2005. In 2006, the Administrative Services budget will decrease \$723 (.25%) from \$289,570 to \$288,847. The increase in 2005 is the result of higher Personnel Services costs due to an increase in salaries and fringe benefit costs. Operating Expenses also increase due to increases in the cost to lease parking spaces. Other Expenditures decrease slightly due to a decline in Interfund Charges. The decrease in 2006 is brought about by a decrease in Other Expenditures as Interfund Charges again decline.
- The 2005 Police Department budget will increase \$10,549 (3.49%), from an amended budget of \$302,624 in 2004 to a proposed expenditure budget of \$313,173 in 2005. In 2006, the Police Department budget will increase an additional \$13,171 (4.21%) from \$313,173 to \$326,344. The increase in both years is the result of increases in Personnel Expenses due to rising costs for salaries and fringe benefits. The large majority of Police Department expenses in the Parking Fund are personnel related so increases in the cost of salaries and fringe benefits have a pronounced effect on the Parking Fund Police Department Budget.
- The 2005 Public Works Department budget will decrease \$30,387 (15.23%), from an amended budget of \$199,534 in 2004 to a proposed expenditure budget of \$229,921 in 2005. In 2006, the Public Works budget will increase an additional \$5,903 from \$229,921 to \$235,824. The increase in 2005 is the result of increases in Personnel Services and Operating Expenses. Personnel Services increase in 2005 due to a rise in costs for salaries, health insurance premiums, and IMRF pension contributions. Operating Expenses increase due to an increase in Commodities caused by the need to purchase materials to maintain the new electronic parking fare machines and by the need to purchase salt for snow removal activities. The increase in 2006 is caused by an increase in Personnel Services due to a rise in the cost of salaries and fringe benefits.
- The 2005 Non-Capital Construction budget will decrease from \$185,000 in 2004 to \$0 in both 2005 and 2006. However, both 2005 and 2006 do include major budgeted but non-expensed capital items (*please see Footnote Three on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets as well as the Capital Improvements Section for illustrations and descriptions of these items*).
- Capital Construction will equal \$1,005,000 in 2005 as the Village acquires land and designs parking improvements for the Commuter Parking Lots (*please review the Capital Improvements section on Pages 226-250 for a detailed analysis of Parking System Fund capital improvements*).

The difference between the amount of operating revenues and expenses (*the charts below do not include Non-Capital Construction because the construction of the Train Station in 2003 skews the results*) in the Motor Vehicle Parking System Fund has been declining during the six-year period from 2001 to 2006. In 2001, revenues were equal to a little over \$700,000 and expenses were equal to a little over \$500,000. In 2006, expenses of more than \$800,000 exceed projected revenues of approximately \$750,000. The percent increase in expenses exceeds the percent increase in revenues in 2001, 2002, 2003, and 2006, with the largest differential occurring in 2003 as the parking fund began incurring additional expenses related to the need to maintain the renovated Train Station and related improvements.



* Actual Expenses ^Projected Expenses ~Budgeted Expenses

Changes in Net Assets

The Motor Vehicle Parking System Fund will have a negative Change in Net Assets of \$82,614 in 2005 and \$100,964 in 2006. The negative Change in Net Assets is caused by increased operational costs for maintenance at the newly renovated Train Station, snow removal for the commuter parking lots, and increases in commuter parking lot lease costs. Due to construction and implementation of new systems it is difficult to determine whether this shortfall is a short-term phenomenon or whether an increase in parking fees will be necessary. The situation will be closely monitored over the next 24 month period. If the current trend continues, rate increases in 2007 will be recommended.

Total Net Assets in 2005 will equal \$3,178,681 and in 2006 will equal \$3,077,717.

Motor Vehicle Parking System Fund
Summary of Revenues, Expenditures, Transfers, and Changes in Net Assets
Fiscal Year 2002 Actual through Fiscal Year 2006 Budget

	FY 2002 Actual	FY 2003 Actual	FY 2004 Amended Budget	FY 2004 Projected Actual	FY 2005 Approved Budget	FY 2006 Approved Budget
Beginning Total Net Assets	\$ 4,679,107	\$ 3,656,899	\$ 3,479,570	\$ 3,479,570	\$ 3,261,295	\$ 3,178,681
Operating Revenues						
Licenses & Permits	172,051	169,266	216,000	175,500	200,000	200,000
Charges for Services	222,342	264,072	342,500	285,000	310,000	310,000
Fines & Forfeitures	85,079	93,215	120,000	115,000	140,000	140,000
Village Property Usage	5,216	7,337	3,000	7,500	40,000	40,000
Miscellaneous	3,042	90	50	50	50	50
Total Revenues	487,730	533,980	681,550	583,050	690,050	690,050
Operating Expenses						
Administrative Services	-	227,187	278,179	264,078	289,570	288,847
Police Department	471,600	290,427	302,624	293,320	313,173	326,344
Public Works	-	149,541	199,534	192,427	229,921	235,824
Non-Capital Construction	966,707	84,783	185,000	99,500	-	-
Total Operating Expenses	1,438,307	751,938	965,337	849,325	832,664	851,014
Operating Income (Loss)	(950,577)	(217,958)	(283,787)	(266,275)	(142,614)	(160,964)
Non-Operating Revenues (Expenses)						
Investment Income	55,178	47,630	90,000	55,000	60,000	60,000
Total Non-Operating Revenues (Expenses)	55,178	47,630	90,000	55,000	60,000	60,000
Net Income, Before Depreciation	(895,399)	(170,328)	(193,787)	(211,275)	(82,614)	(100,964)
Depreciation ⁽¹⁾	7,000	7,000	-	-	-	-
Change in Net Assets	(902,399)	(177,328)	(193,787)	(211,275)	(82,614)	(100,964)
Ending Net Assets ⁽²⁾						
Invested in Capital Assets -						
Net of Related Debt	1,002,696	995,696	995,696	988,696	1,293,696	1,993,696
Unrestricted	2,654,203	2,483,874	2,290,087	2,272,599	1,884,985	1,084,021
Total Ending Net Assets	\$ 3,656,899	\$ 3,479,570	\$ 3,285,783	\$ 3,261,295	\$ 3,178,681	\$ 3,077,717

Notes

(1) The Village does not budget Depreciation.

According to Village Policy, the Motor Vehicle Parking System Fund Budget is balanced if the Change in Net Assets is equal to or greater

(2) than \$0.

(3) Budgeted but Non-Expensed Items include Capital Construction and Principal Payments, illustrated below

	FY 2002 Actual	FY 2003 Actual	FY 2004 Amended Budget	FY 2004 Projected Actual	FY 2005 Approved Budget	FY 2006 Approved Budget
Budgeted, Non-Expensed Items						
Capital Improvements	-	-	-	-	1,005,000	-
Budgetd, Non-Expensed Items Total	\$ -	\$ -	\$ -	\$ -	\$ 1,005,000	\$ -